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No. 91-139

In The

Supreme Court of the United States

October Term, 1991

CONTROL ELECTRONICS COMPANY, INSUL-ART ACOUSTICS CORP., JACK LEONARD and HAROLD GOLDSTEIN,

Petitioners,

vs.

ACOUSTICAL DESIGN, INC.,

Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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TABLE OF CONTENTS

	Page
TABLE OF AUTHORITIES	ii
I. INTRODUCTION	1
II. REASONS FOR DENYING THE WRIT	3
A. The Assignor Estoppel Issue	3
B. The Expert Testimony Issue	9
III. CONCLUSION	11

TABLE OF AUTHORITIES

Cases	Page
Acoustical Design, Inc. v. Control Electronics Co., Inc., 932 F.2d 939 (Fed. Cir. 1991)	3
Diamond Scientific Co. v. Ambico, Inc., 848 F.2d 1220, 6 U.S.P.Q.2d 2028 (Fed. Cir.), *cert. dismissed*, 487 U. S. 1265, 109 S.Ct. 28, 101 L.Ed.2d 978 (1988)	3, 4
Lear, Inc. v. Adkins, 395 U. S. 653, 395 U. S. 653, 89 S.Ct. 1902, 23 L.Ed.2d 610 (1969)	3-4
Salem v. United States Lines Co., 370 U. S. 31, 82 S. Ct. 1119, 8 L.Ed.2d 313 (1962)	9
Statutes	
28 U.S.C. § 1295(a)(1)	8
Court Rules	
Supreme Court Rule 15.1	1

I. INTRODUCTION

Respondent Acoustical Design, Inc. ("ADI") respectfully submits this brief in opposition to the Petition for Writ of Certiorari filed by petitioners Control Electronics Company, Insul-Art Acoustics Corp., Jack Leonard and Harold Goldstein. As ADI will demonstrate, petitioners have not advanced any legitimate basis to invoke this Court's discretionary jurisdiction.

ADI notes that the petition contains a lengthy recitation entitled "Background" (Petition for Certiorari at 4-10). While ADI disagrees completely with petitioners' factual recitation (believing it to be nothing more than a restatement of respondents' factual position that was rejected by the jury, the District Court and the Court of

Appeals), ADI is mindful of the fact that this Court's Rule 15.1 calls for the respondent to address any perceived misstatements of fact "which have a bearing on the question of what issues would properly be before the Court if certiorari was granted". However, as this Court may have already appreciated, the "facts" set forth by petitioners have virtually nothing whatsoever to do with the two questions presented by the petition. On the contrary, they appear to relate solely to the issues of patent validity, enforceability and infringement which, as ADI will demonstrate, were already resolved by the Courts below *on the merits*.

II. REASONS FOR DENYING THE WRIT

A. The Assignor Estoppel Issue

The Court of Appeals for the Federal Circuit affirmed the District Court's application of "assignor estoppel" with regard to one of the two patents in suit, U. S. Patent No. 4,024,535 ("the '535 patent"). *Acoustical Design, Inc. v. Control Electronics Co., Inc.*, 932 F.2d 939, 942-43 (Fed. Cir. 1991). Petitioners now ask this Court to consider whether the doctrine that an *assignor* of a patent is estopped from challenging the patent's validity, as previously held in *Diamond Scientific Co. v. Ambico, Inc.*, 848 F.2d 1220, 6 U.S.P.Q.2d 2028 (Fed. Cir.), *cert. dismissed*, 487 U. S. 1265, 109 S.Ct. 28, 101 L.Ed.2d 978 (1988), conflicts with this Court's decision in *Lear, Inc. v. Adkins*, 395 U. S. 653, 395 U. S. 653, 89

S.Ct. 1902, 23 L.Ed.2d 610 (1969), which held that a *licensee* is *not* estopped from challenging validity. ADI respectfully submits that this question is at best academic, since even if petitioners are correct (and even if assignor estoppel should not have applied in the proceedings below), the result would have been unchanged.

In particular, although the District Court concluded after a full jury trial that assignor estoppel "should have precluded" petitioners from attacking the validity of the '535 patent (Appendix B to Petition for Certiorari at 12a-13a, ¶6), the District Court in fact *permitted* petitioners to challenge the validity of that patent *on the merits*, and that challenge was completely unsuccessful. Thus, even if *Diamond Scientific* was

wrongly decided by the Federal Circuit, and even if the District Court or the Court of Appeals had concluded that assignor estoppel was inappropriate (or if this Court were to reach that conclusion), the '535 patent would still stand valid and enforceable *on the merits*.

As a second and separate matter, the same jury trial resulted in a judgment that a different and later-issued patent owned by ADI, U. S. Patent No. 4,185,167 ("the '167 patent") was valid, enforceable and infringed by the petitioners. This adjudication as to the '167 patent was solely on the merits, since assignor estoppel was never asserted by ADI and never even considered as to the '167 patent by either of the courts below. While petitioners assert that they were "denied the right to challenge the

validity of the patents that gave rise to the litigation" (Petition for Certiorari at 12; emphasis added), this is simply not true; the District Court's imposition of assignor estoppel was clearly limited to the '535 patent (*id.* at 12a-13a, ¶6).

Thus, even if the District Court and the Court of Appeals were both wrong in applying assignor estoppel (and they were not), and even if petitioners had succeeded in invalidating the '535 patent on the merits (as to which they had an opportunity but failed to do), the judgment regarding the '167 patent would still act as a complete, separate and independent basis for the damages, attorneys' fees and other relief that was awarded to ADI.

Petitioners appear to misunderstand the relation between an

estoppel having a first legal basis (e.g., assignor estoppel) and the *absence* of a second basis for estoppel (e.g., licensee estoppel). The *absence* of estoppel merely leaves an issue litigable by both sides; it does not compel a decision *in favor* of the non-estopped party. Nor does the absence of one estoppel (licensee estoppel) overcome an estoppel having an independent legal basis (such as assignor estoppel). For example, if a party was burdened by an estoppel imposed by a prior adjudication (i.e., *collateral* estoppel), that party would not be relieved of the estoppel merely by virtue of being a patent licensee. At most, the party's status as a licensee prevents the imposition of a *second* basis for estoppel.

Petitioners assert that "a conflict in the law exists among the

Circuits and future similar conflicts are likely to arise" (Petition for Certiorari at 11), and that this Court should resolve "the apparent split in the Circuits . . . to avoid inconsistent decisions" (*id.* at 16). Petitioners ignore the fact that the Federal Circuit has exclusive jurisdiction over appeals in patent infringement actions, in which most if not all issues of patent assignor estoppel will arise. 28 U.S.C. § 1295(a)(1). If indeed other Circuits have disagreed with the Federal Circuit regarding assignor estoppel, the Federal Circuit's decisions shall govern and shall obviate any conflicts--precisely as Congress intended when it created that court in the first instance.

Question 1 in the Petition for Certiorari is academic on several levels, and there is no reason for this Court to

accept jurisdiction when this Court's decision would not affect the ultimate result.

B. **The Expert Testimony Issue**

Petitioners devote four sentences of their petition to an argument that the District Court erred in not allowing petitioners' purported expert to give certain testimony (Petition for Certiorari at 17). But as petitioners themselves concede, such a decision is "left to the sound discretion of the judge" (*id.*). This is precisely what this Court held in *Salem v. United States Lines Co.*, 370 U. S. 31, 35, 82 S. Ct. 1119, 1122, 8 L.Ed.2d 313, 317 (1962) (trial judge's broad discretion in admitting or excluding expert testimony "is to be sustained unless manifestly erroneous"),

as the Court of Appeals acknowledged in this case (Petition for Certiorari at 5a).

The Federal Circuit concluded that petitioners had not shown any error by the District Court in holding that testimony concerning the drafting of claims to avoid prior art would not have been of benefit to the jury, and further concluded that petitioners had not shown an abuse of discretion by the District Court (*id.*). The fact that petitioners have chosen to simply repeat their conclusory arguments is simply no basis for this Court to devote its resources to a routine evidentiary ruling that was not only well within the District Court's discretion, but which was indeed correct.

III. CONCLUSION

As the jury, the District Court and the Federal Circuit all concluded, petitioners have inflicted massive damage on ADI. More than a year after that judgment was entered, ADI (a small two-man business to begin with) is struggling to collect that judgment. Petitioners should not be permitted to delay ADI's legitimate collection efforts by raising a legal issue in this Court which is completely academic on several levels, and which was in any event decided correctly by the courts below.

The Petition for Certiorari should be denied.

Respectfully submitted,

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